
IRS PRACTICE AND PROCEDURE

REVISED SECOND EDITION

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2. After research, a draft ruling is prepared in the prescribed format, along with a Background Information Note (BIN).
3. The draft is given an in-depth review at the Branch level. This review can be performed by the Branch Chief, the Senior Technical Advisor, or the Assistant to the Branch Chief.
4. The ruling is reviewed by the Associate Chief Counsel (Litigation) to determine whether the position is consistent with the Service's litigating position in pending cases.
5. The ruling is scheduled for Assistant Counsel Review, where it undergoes its strongest scrutiny.
6. The ruling is simultaneously reviewed by the Associate Chief Counsel (Technical) and the Chief Counsel and receives approval.
7. The proposed ruling is simultaneously reviewed by the Commissioner and by the Treasury.
8. The ruling is published in the Internal Revenue Bulletin.

[b] Effect of Revenue Rulings

The Service intends that its employees and taxpayers alike rely on revenue rulings in disposing of cases and in determining the tax treatment of transactions.¹²⁶ The invitation to taxpayers is subject to an important qualification, however. The Service states:

Taxpayers generally may rely upon revenue rulings and revenue procedures published in the Bulletin in determining the tax treatment of their own transactions and need not request specific rulings applying the principles of a published revenue ruling or revenue procedure to the facts of their particular cases. However, taxpayers, Service personnel and others concerned are also cautioned to determine whether a revenue ruling or revenue procedure on which they seek to rely has been revoked, modified, declared obsolete, distinguished, clarified, or otherwise affected by subsequent legislation, treaties, regulations, revenue rulings, revenue procedures or court decisions.¹²⁷

Thus, a revenue ruling's precedential value is qualified by the requirement that taxpayers must determine for themselves whether the facts of their particular transaction are "substantially the same" as those set forth in the revenue ruling.

A revenue ruling is the Service's conclusion about the law applicable to a specific set of facts. Although the Treasury may review revenue rulings, they are issued by the Service. Unlike regulations, revenue rulings are not promul-

¹²⁶ Rev. Proc. 89-14, §§ 7.01(4), 7.01(5), 1989-1 CB 814.

¹²⁷ Rev. Proc. 89-14, § 7.01(5), 1989-1 CB 814. See also Rev. Proc. 2002-1, § 2.05, 2002-1 IRB 1, 8.